

FY 2009-14 CONSOLIDATED PLAN COMMUNITY PROFILE

Chapter 2

COMMUNITY PROFILE

Austin's socioeconomic fabric is diverse, combining the qualities of a large city, state capital, college town and national technology hub into one metropolitan area. It is easy to understand why the City generates such positive reviews: Austin has become one of the nation's leading providers of technological innovation, and it has quickly risen to contain one of the largest technology-based industries in the country. In addition to being a major center for the high tech industry, Austin has a strong presence in the government and non-profit sectors. This base attracts a diversity of residents, making Austin a thriving cultural hub. In addition, the City hosts a major university with many top-recognized programs and has historically been well-known for its active music scene.

While Austin has assets such as diversity, a culturally rich setting, and an educated workforce, it still faces many challenges. Key socioeconomic characteristics of the City include:

- After a rapid increase in the 1990s, population growth has slowed since 2000, primarily due to a technology-induced recession from 2000 through 2006. Growth in central Austin is attributed equally to net migration and natural increase (more births than deaths). In contrast, growth on the outskirts of the City is mostly due to new residents moving in. Despite containing a small portion of the Austin-Round Rock Metropolitan Statistical Area's (MSA) overall population, cities like Round Rock, Georgetown and Cedar Park have absorbed a disproportionate amount of the MSA's population growth.
- Downtown and central East Austin neighborhoods will continue to densify between 2009 and 2020, growing faster than what the City overall has experienced in the last few years. The exterior portions of the City, which currently contain few residents, will evolve to house larger proportions of Austin's population.
- Like many communities across the country, Austin has a large percentage of Baby Boomers. If aging residents remain in Austin into retirement, it is expected to create a gap in Austin's workforce as retirees exit the workforce. This may be good news for Austin's population of recent college graduates, which has gradually decreased over time. Residents in this age cohort may either be finding employment elsewhere or leaving as Austin's housing becomes more expensive than other cities in Texas.
- Even with a technology-related recession in the early portion of this decade, Austin's economy has remained strong, with continued employment and wage growth. High-paying professional and financial service jobs, located primarily in central Austin, have experienced strong growth in recent years, while a significant number of manufacturing and information-related employment opportunities have left Austin.

POPULATION AND HOUSEHOLD COMPOSITION

Population. Nearly 750,000 people currently reside in the City of Austin.¹ Substantial growth occurred in Austin during the 1990s. However, growth has slowed in the recent decade; the compound average annual growth rate in the 1990s averaged three percent, as compared to 2 percent between 2000 and 2008.² A technology-induced recession began in Austin in 2001 and continued until 2006, which directly affected population growth.

Exhibit 2–1 displays Austin’s historic population growth since 1900, as well the compound average annual growth accompanying each interval.

Exhibit 2–1
Historical Population Growth, City of Austin, 1900 to 2008

Year	Population	Compound Annual Growth Rate	Year	Population	Compound Annual Growth Rate
1900	22,258		1995	526,128	3.5%
1910	29,860	3.0%	1996	548,043	4.2%
1920	34,876	1.6%	1997	567,566	3.6%
1930	53,120	4.3%	1998	613,458	8.1%
1940	87,930	5.2%	1999	629,769	2.7%
1950	132,459	4.2%	2000	656,562	4.3%
1960	186,545	3.5%	2001	669,693	2.0%
1970	251,808	3.0%	2002	680,899	1.7%
1980	345,890	3.2%	2003	687,708	1.0%
1990	465,622	3.0%	2004	692,102	0.6%
1991	476,447	2.3%	2005	700,407	1.2%
1992	482,296	1.2%	2006	718,912	2.6%
1993	492,862	2.2%	2007	735,088	2.3%
1994	508,336	3.1%	2008	750,525	2.1%

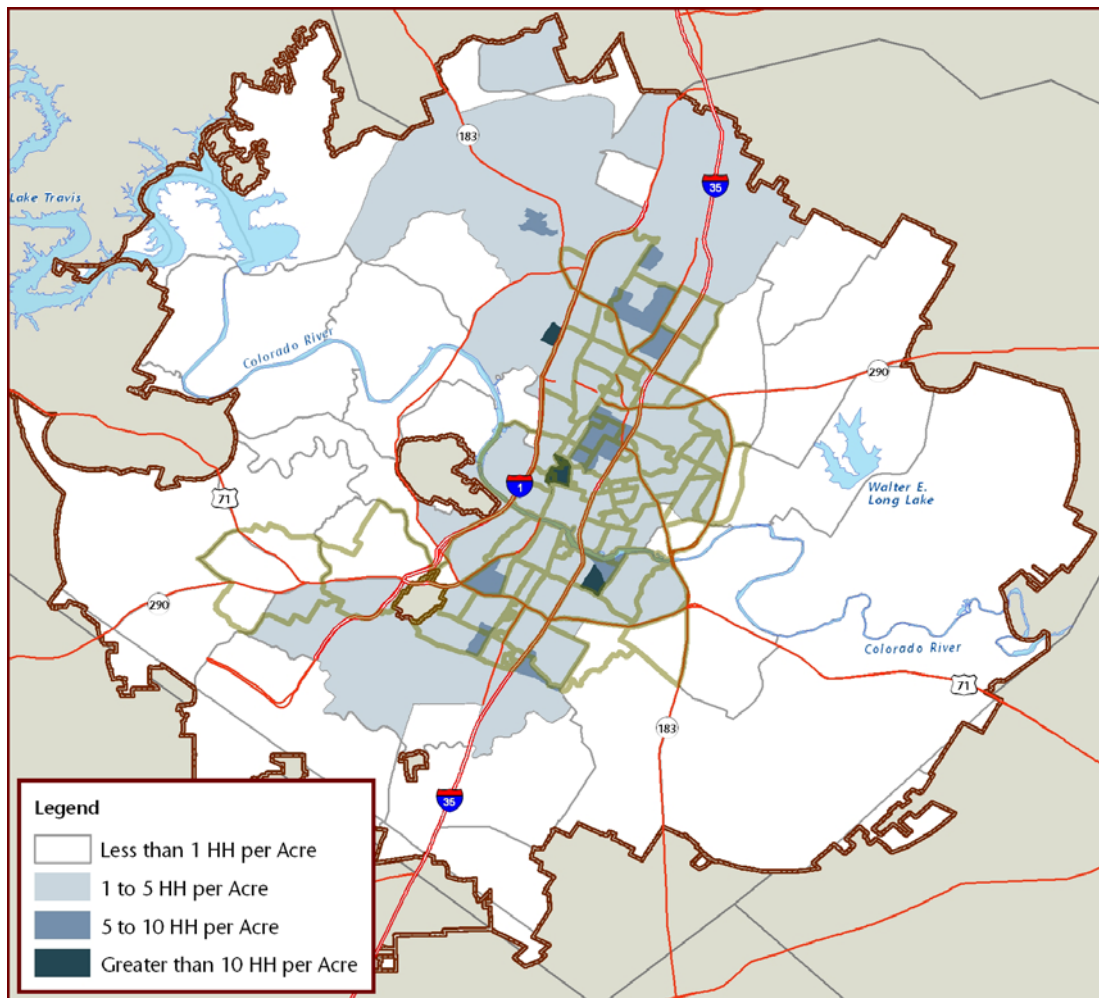
Source: U.S. Census Bureau and the City of Austin Demographer

¹ 2007 ACS estimate is 749,659. The 2008 Austin Demographer and Planning Department’s estimate is 750,525. The Texas State Demographer had a January 1, 2008 estimate of 736,172.

² The annual growth rate between 1997 and 1998 was not included in the calculation, as the city annexed a number of large, populated tracts that artificially inflated population. In other words, the additional population was attributed solely to the addition of land.

Exhibit 2–2 maps the population density in each Austin Census Tract. Austin’s West University and Riverside neighborhoods are the densest neighborhoods within the City, with average densities greater than ten households per acre. This means that each household lives on a lot averaging 4,400 square feet. The University Neighborhood Overlay (UNO) plan for the West University neighborhood has incited much of the new growth, which currently allows for taller residential and mixed-use structures than what was previously allowed for by the City. According to Austin’s Demographer, “long-dormant market demand for an expanded housing stock near the University of Texas at Austin has been unleashed under the UNO plan.”³

Exhibit 2–2
Population Density by Census Tract, City of Austin, 2008



Note: Density calculated by using total acreage within a Census Tract. There is no consideration for developable land within each Census Tract, which may skew density calculations.
Source: Claritas 2008

³ “City of Austin Population and Households Forecast by ZIP Code”, City of Austin Demographer.

Drivers of growth. The City of Austin’s municipal boundaries are contained within three counties: Travis, Hays, and Williamson. Population growth within the three counties has been attributed to varying proportions of natural increase and net migration. Natural increase indicates that within a given year, births outnumbered deaths. Net migration is the difference between new residents moving into the City and residents moving out.

Since 1990, population growth in Travis County, which contains the largest portion of Austin, was attributed equally to natural increase and net migration. In other words, not only have residents continued moving into Travis County, they have also been having children.

Residency and foreign immigration. Limited mobility occurred within Austin between 2006 and 2007, as 72 percent of Austin’s residents remained in the same residence. Between 1995 and 2000, just 36 percent of Austin’s population remained within the same housing unit. Another 30 percent moved to a different housing unit within the county. The remaining one third moved into Austin from another part of Texas, from a different state or from outside the United States.

Data suggest that the large student population accounts for most of the movement occurring within Austin. Of the nearly 162,000 residents moving within or to Austin from another residence in the same county, a different county or a different state between 2006 and 2007, 59 percent of those residents have never been married and 48 percent had household incomes less than \$25,000.

Exhibit 2–3.

City of Austin Residency in 1995 to 2000, and 2006 to 2007

	1995-2000		2006-2007	
	Number	Percent	Number	Percent
Same House	219,521	36%	430,148	72%
Different House within same county	180,509	30%	100,665	17%
Different House in Texas	107,425	18%	41,032	7%
Different House in a different state	61,588	10%	20,086	3%
Abroad	40,730	7%	8,115	1%
Total	609,773		600,046	

Source: U.S. Census Bureau, 2000 and 2007.

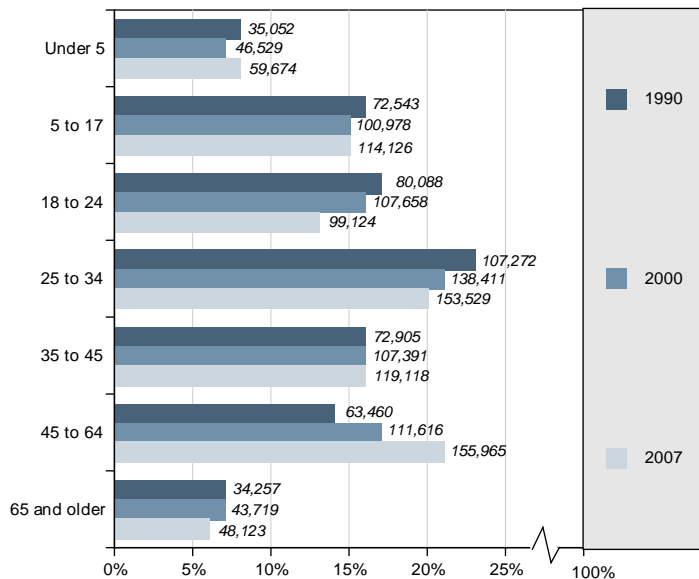
Age. Austin is not alone as it watches its large population of Baby Boomers enter into retirement. Between 2000 and 2007, Austin experienced a shift in the overall age composition of its residents, which now includes more residents aged 45 to 64.

Conversely, Austin appears to be losing residents aged 18 to 24, or, at minimum, 18 to 24 year olds are comprising a smaller proportion of Austin's population. Between 2000 and 2007, Austin is estimated to have 8,500 fewer residents aged 18 to 24 years old, decreasing the overall proportion of college-aged and recent graduate residents residing in Austin. In 2000, 18 to 24 years olds comprised 16 percent of Austin's population. In 2007, 18 to 24 year olds comprised 13 percent of the population.

Exhibit 2–4 displays how the age distribution had changed in Austin since 1990.

Exhibit 2–4
Age of Residents in Austin, 1990,
2000 and 2007

Source:
U.S. Census Bureau, 2000 and 2007.



Household size. The average household size in Austin is 2.39 persons. Owners have slightly larger average household sizes, as shown in Exhibit 2-5. In 2000, Austin's average household size was 2.4 persons. Owners had a higher average household size in 2000 of 2.72 persons and renters had a slightly lower average household size of 2.14 person.

Exhibit 2–5
Average Household
Size by Tenure, City of Austin,
2007

Source:
U.S. Census Bureau 2007.

Average Household Size	
Total	2.39
Owner-Occupied Housing Units	2.56
Renter-Occupied Housing Units	2.24

Average household size varies greatly by race and ethnicity. In 2007, the average household size for Austin was 2.39 persons. For households defined as Some Other Race, which often includes Hispanic households, the average household size was 3.45 persons. White households in Austin had an average household size of 2.20 persons. By ethnicity, Hispanic households had an average household size of 3.29 persons, as compared to a much lower average household size of 2.07 persons for non-Hispanic households.

Exhibit 2-6
Average Household
Size by Race and Ethnicity,
City of
Austin, 2007

Source:
U.S. Census Bureau 2007.

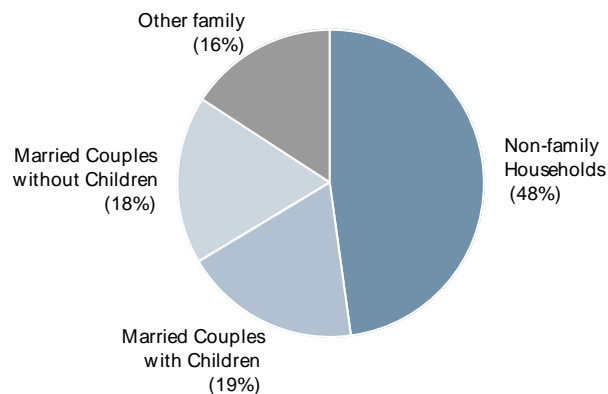
	Average Household Size
Total	2.39
Race	
American Indian and Alaska Native Alone	2.73
Asian Alone	2.40
Black or African American Alone	2.56
Native Hawaiian and Other Pacific Islander Alone	2.44
White Alone	2.20
Some Other Race Alone	3.45
Two or More Races	2.61
Ethnicity	
Hispanic/Latino	3.29
Non-Hispanic/Latino	2.07

Household type. The Census Bureau divides households into two types: family households and non-family households. Family households are comprised of two or more *related* people living together.⁴ Non-family households are made up of people living alone or living with unrelated individuals.

Austin contains a slightly larger family household population (52 percent) than non-family household population (48 percent) as shown in Exhibit 2-7.

Exhibit 2-7
City of Austin
Household
Type, 2007

Source:
U.S. Census Bureau 2007.



⁴ Families can be related through birth, marriage or adoption.

Race and ethnicity. Exhibit 2-8 presents race and ethnicity data for Austin residents in 2007. As shown in the exhibit, the majority of Austin’s residents—63 percent—are White. The next largest racial category is Some Other Race at 20 percent.⁵ Thirty-five percent of the population is of Hispanic origin.

Exhibit 2-8
Race and Ethnicity,
City of Austin, 2007

Source:
U.S. Census Bureau 2007.

	Number	Percent
Race		
American Indian and Alaska Native Alone	4,810	1%
Asian Alone	42,818	6%
Black or African American Alone	60,971	8%
Native Hawaiian and Other Pacific Islander Alone	818	0%
White Alone	471,296	63%
Some Other Race Alone	152,133	20%
Two or More Races	16,813	2%
Ethnicity		
Hispanic/Latino	260,535	35%
Non-Hispanic/Latino	489,124	65%

The City of Austin Demographer Ryan Robinson recently identified Austin as a city with “no majority” not because of a lack of “absolute growth in the total number of Anglo households in Austin, but rather because the growth of other ethnic groups has outpaced the growth of Anglo households.”⁶ This is especially true for Austin’s Hispanic population, which has seen substantial growth since 1990. Hispanic residents comprised 21 percent of Austin’s population in 1990 and 31 percent of the population in 2000. Currently, more than one in three Austin residents are of Hispanic origin, making it Austin’s fastest growing population group.

The geographical distribution of the Hispanic population has changed between 2000 and 2008. Since this is the City’s largest minority group and the fastest growing, the geographic changes are more prominent. Although areas of the City that contained large concentrations of Latino residents in 2000 have not lost these residents, new areas now contain larger concentrations of residents of Hispanic origin, such as east and south Austin, as seen in Exhibit 2-9. Areas of minority concentration are census tracts with more than 50 percent minority households.

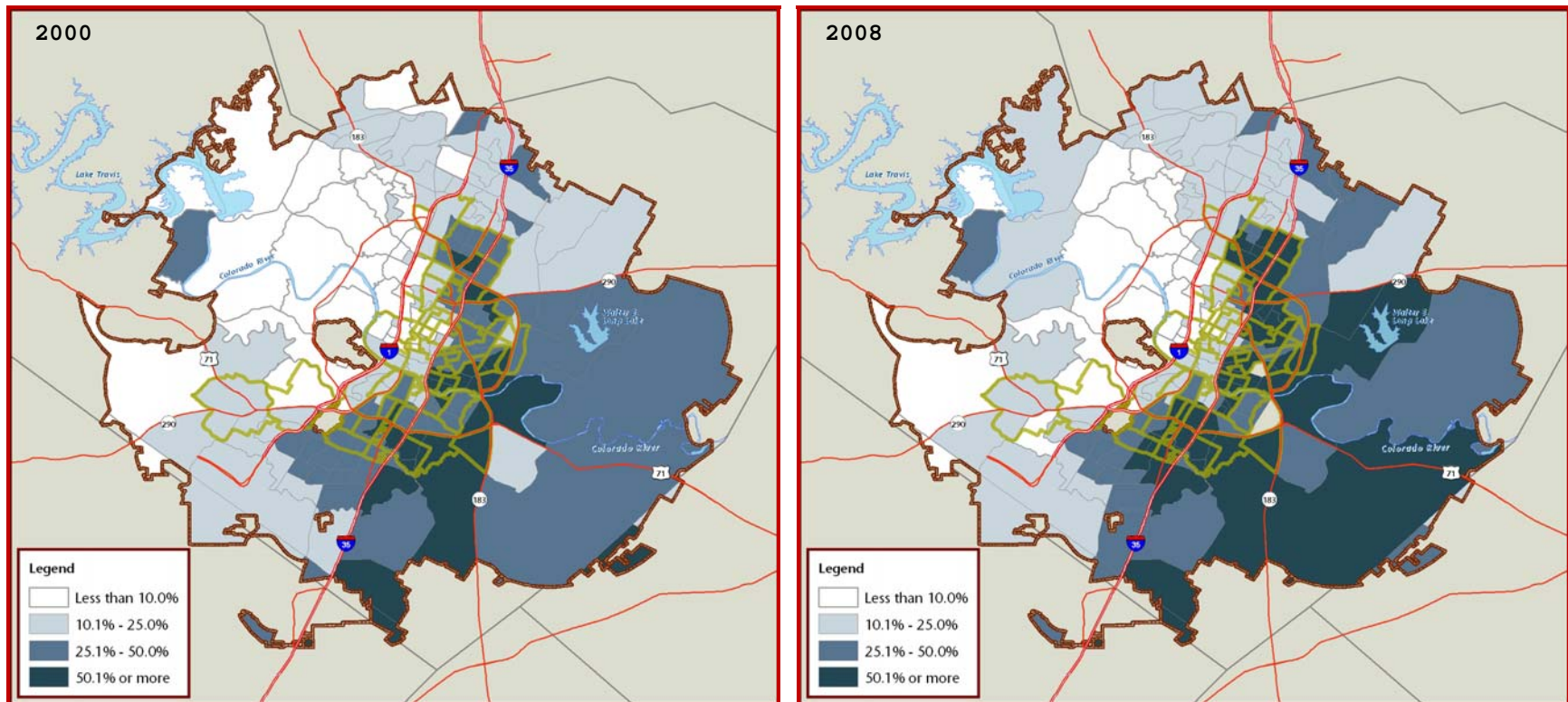
The City of Austin Demographer also predicts the growth of ethnic populations will continue in Austin and that by 2030 Hispanics will almost surpass Anglos, to make up 41.5 percent of the population, with Anglos at 41.9 percent. The City Demographer predicts that the African American population will continue to shrink to just 5.1 percent in 2030, and the Asian population will almost double from 2000 levels to 9 percent in 2030.⁷

⁵ The Census considers Hispanic as an ethnic category rather than a racial category. The Some Other Race category includes people who did not indicate a race when completing the Census survey. This category often includes persons of Hispanic descent who do not consider themselves White.

⁶ “The Top Ten Big Demographic Trends in Austin, Texas”, website: <http://www.ci.austin.tx.us/demographics>.

⁷ “City of Austin Ethnicity Shares, Historical Figures and Forecast”, City of Austin Demographer’s website: <http://www.ci.austin.tx.us/demographics>.

Exhibit 2-9
Location of Hispanic Residents in Austin, 2000 and 2008



Source: U.S. Census and Claritas, 2008.

Race/ethnicity and income. Asian households were Austin’s highest earners in 2007, with a median household income of \$60,797. White households were the next highest earning households with a median household income of \$56,277. African American households had the lowest median income of \$28,161 in 2007. Earning power also varied greatly by ethnicity; Hispanic households earned 33 percent less than non-Hispanic households.

**Exhibit 2-10
Median Income by Race and
Ethnicity, City of Austin, 2007**

Note:
N/A indicates that there was not enough information available to report
median income and preserve confidentiality.

Source:
U.S. Census Bureau 2007.

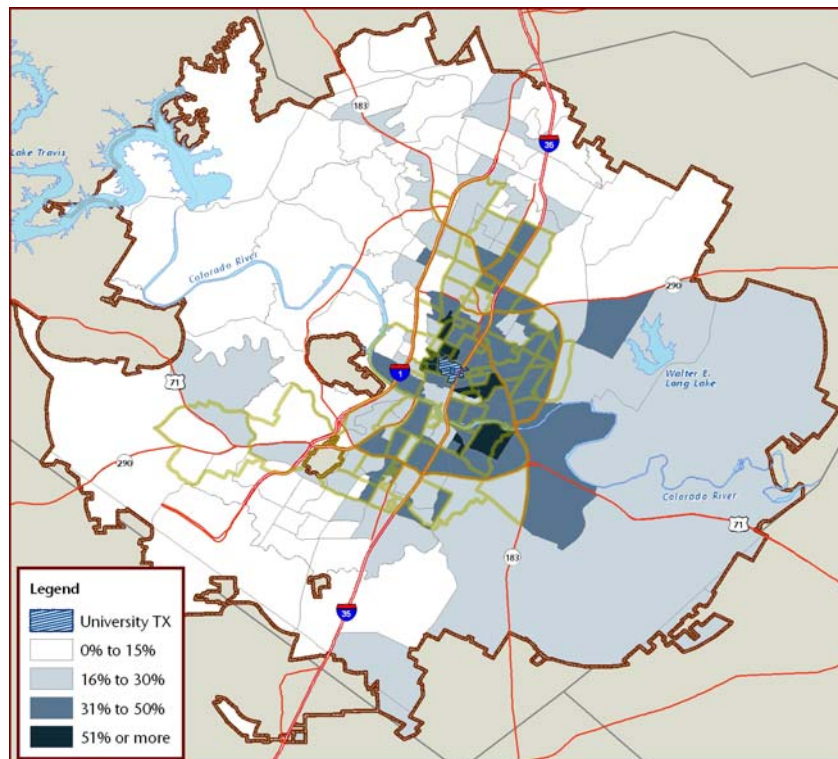
	Median Household Income
Overall for Austin	\$ 48,966
Race	
African American	\$ 28,161
American Indian and Alaska Native	\$ 47,758
Asian	\$ 60,797
Native Hawaiian	N/A
White	\$ 56,277
Some Other Race	\$ 36,496
Two or More Races	\$ 46,549
Ethnicity	
Not Hispanic	\$ 60,285
Hispanic	\$ 39,983

Distribution. Exhibit 2-11 displays the geographic distribution of households in Austin earning less than \$25,000 in 2000 and in 2008. The map shows the percent of households in each area that earn less than \$25,000. Low income households are largely concentrated on the eastern and central portions of the city and around UT, which primarily houses the student population. Areas of concentrated poverty are census tracts with more than 50 percent low-income households.

**Exhibit 2-11
Location of Low
Income Households
in Austin,
2000 and 2008**

Note:
Percentage represents the
percent of households earning
less than \$25,000 of total
households within the Census
Tract.

Source:
U.S. Census and Claritas, 2008.



Poverty. The poverty threshold is established at the federal level and is updated annually. It is adjusted for household size, but not by geographic area, except for Alaska and Hawaii.⁸ In 2009, a family of 3 is considered to be in poverty if the household earns less than \$18,310. A family of 4 is considered to be in poverty if the household earns less than \$22,050.⁹

In 2007, 18 percent of people in Austin, or about 129,000 people, lived below the poverty threshold. The poverty rate is highest for 18 to 24 year olds, which includes college-aged residents; more than one in three 18 to 24 year olds were living below the poverty threshold. The second most common age group living in poverty are children under the age of 5; nearly 17,000 children, or 28 percent of residents under the age of 5, are living in poverty.

Poverty rates are lowest for the City's residents aged 35 to 64, which includes a number of adults advanced in their careers. Exhibit 2-12 shows the percentage of Austin's population living in poverty by age cohort.

Exhibit 2-12
Poverty by Age, City of Austin, 2007

Source:
Census 2000 and American Community Survey, 2007.

	Total Number in Poverty	Percent of Total Poverty	Percent of Age Group
Under 5	16,685	13%	28%
5 to 17	24,360	19%	21%
18 to 24	34,478	27%	35%
25 to 34	24,959	19%	16%
35 to 44	12,401	10%	10%
45 to 64	11,756	9%	8%
65 and older	4,581	4%	10%

Exhibit 2-13 shows poverty rates by family type. Female heads of household with no spouse represent the household type most likely to be living in poverty. Nearly one in three female-headed households are living in poverty. More specifically, 38 percent of female-headed households with children were living in poverty in 2007.

Exhibit 2-13
**Poverty by Family
Type, City of Austin,
2007**

Source:
American Community Survey, 2007.

Family Households	Number	Percent of Families in Poverty	Percent of Family Type
Married Couple	6,921	37.5%	6.2%
<i>With Children</i>	6,187	33.5%	10.8%
<i>Without Children</i>	734	4.0%	1.3%
Male Householder, No Spouse	2,027	11.0%	12.7%
<i>With Children</i>	1,346	7.3%	19.2%
<i>Without Children</i>	681	3.7%	7.6%
Female Householder, No Spouse	9,520	51.5%	29.0%
<i>With Children</i>	7,887	42.7%	37.9%
<i>Without Children</i>	1,633	8.8%	13.6%
Total Families in Poverty	18,468		11.5%

⁸ Therefore, the poverty threshold in Manhattan, New York is the same as in Minot, North Dakota.

⁹ 2007 Federal Poverty Guidelines: <http://aspe.hhs.gov/POVERTY/07poverty.shtml>

Exhibit 2-14 examines poverty by race and ethnicity. As shown in the exhibit, minorities in Austin make up a disproportionate share of households living below the poverty level. Even though White households make up a large percentage (47 percent) of those living under the poverty level in Austin, only 13 percent of all White households live under the poverty level, compared to 32 percent of African Americans and 23 percent of Hispanics.

Exhibit 2-14
Poverty Status for
the Population, by
Race/Ethnicity, City
of Austin, 2007

Note:
The poverty universe is a subset of the total population covered by the ACS. Specifically, the universe excludes unrelated children under 15 years, people living in institutional group quarters, and those living in college dormitories or military barracks. Thus, total race and ethnicity numbers will not equal race and ethnicity statistics provided for the total population.

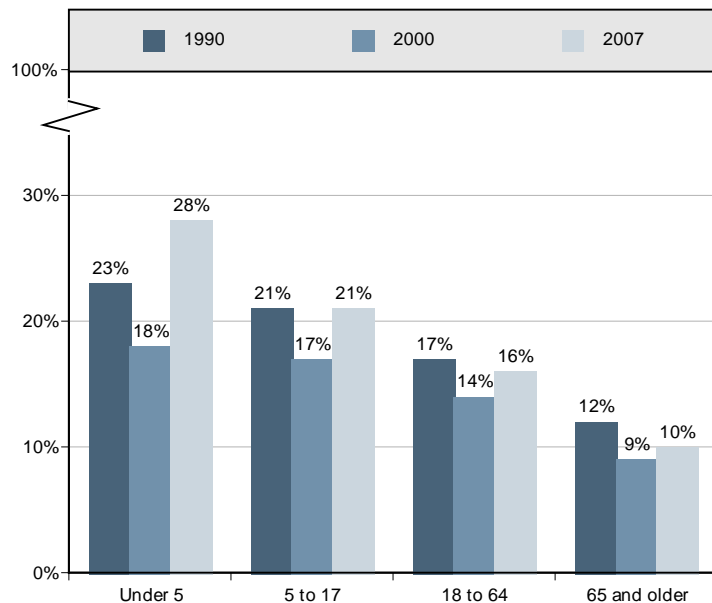
Source:
U.S. Census Bureau 2007.

	Number	Percent of All in Poverty	Percent of Race/Ethnic Category
Race			
Asian	6,377	5%	15%
Black/African America	19,013	15%	32%
White	60,254	47%	13%
Some Other Race	39,734	31%	26%
Two or More Races	1,854	1%	11%
Total	127,232		
Ethnicity			
Hispanic	59,221	58%	23%
Non-Hispanic	42,224	42%	12%
Total	101,445		

Poverty among children under the age of 5 has increased in Austin since 1990. In 1990, 23 percent of Austin residents living in poverty were under the age of 5; in 2007, 28 percent of residents living in poverty are less than 5 years old. Exhibit 2-15 displays poverty by age.

Exhibit 2-15
Trends in Poverty Rates
by Age, City of Austin,
1990, 2000 and 2007

Source:
Census, 2007 and U.S. Census Bureau, 1990 and 2000.



Educational attainment. According to the Census, 43 percent of Austin’s residents have a Bachelor’s degree or higher. Austin boasts a population of residents with college degrees or higher similar to cities like Denver (39 percent) and Portland (38 percent).

Exhibit 2-16
Educational Attainment
for the Population over
25, City of Austin, 2007

Source:
U.S. Census Bureau 2007.

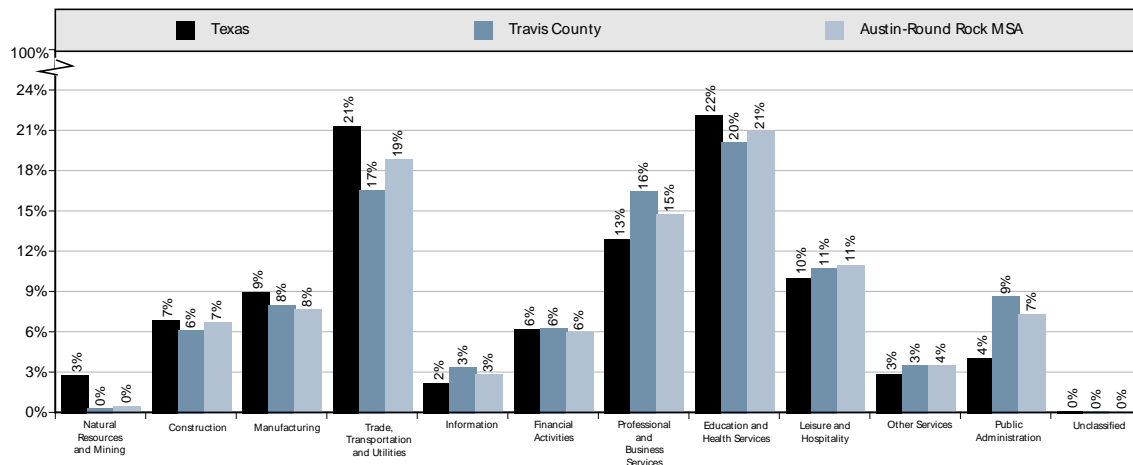
	Number	Percent of Population
Less than 9 th grade	46,432	10%
9 th to 12 th grade, no diploma	36,366	8%
High school graduate (includes equivalency)	80,077	17%
Some college, no degree	85,286	18%
Associate's degree	25,824	5%
Bachelor's degree	123,493	26%
Graduate degree	79,257	17%

ECONOMIC CONDITIONS

Current employment. As of September 2008, the City of Austin had 402,638 jobs.¹⁰ This was an increase of approximately 6,600 jobs since 2005.

Compared with the state of Texas, the Austin region has a larger proportion of public administration jobs, due to Austin’s role as the state’s capital. The Austin area also has a larger proportion of professional and business service jobs, which includes jobs related to the high-tech industry in Austin. Most jobs related to public administration and professional and business services, which also comprise most of Austin’s highest paying jobs, reside in Travis County, indicating that these jobs lie in central Austin, as opposed to one of the faster- growing outlying communities.

Exhibit 2-17
Employment Composition, Austin-Round Rock MSA, Travis County and Texas, 2008



Source: Texas Workforce Commission Quarterly Census of Employment and Wages (QCEW).

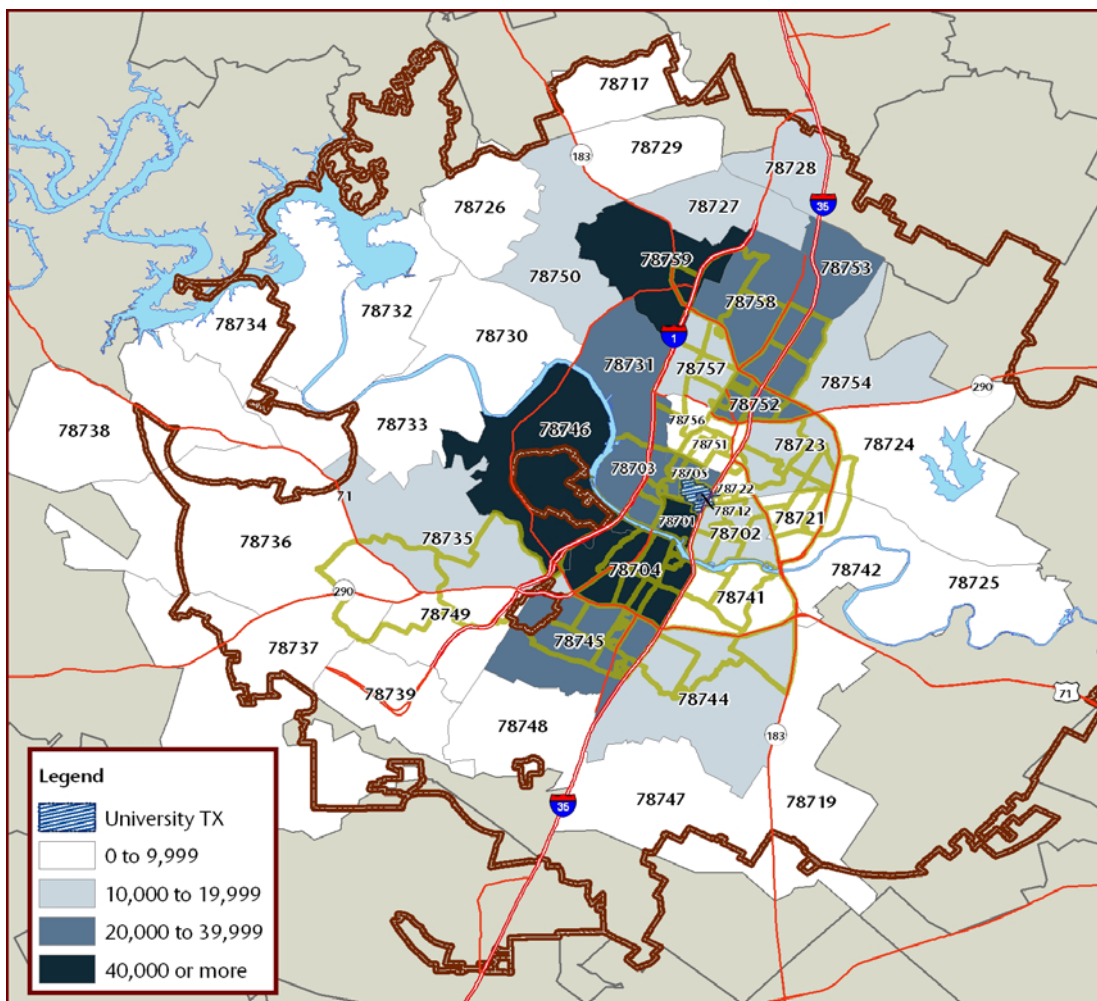
¹⁰ Texas Workforce Commission Labor Market Information (LMI) Local Area Unemployment Statistics (LAUS). LAUS data does not contain industry-level data and is mostly intended to estimate unemployment rates.

Like many places within the U.S., Austin has lost a large proportion of its jobs in manufacturing since 2000. Data would also suggest that Austin is becoming the hub of higher paying research and development jobs related to the high-tech industry. However, manufacturing jobs supporting the high-tech industry are moving elsewhere as companies are restructuring to improve operational efficiency. Jobs related to information have also seen a decline in Austin since 2000, while natural resource jobs (albeit a small number) have increased.

Financial services and professional and businesses services have experienced job growth, despite the recession in the early part of this decade. Additionally, average wages for those industries have increased accordingly with inflation.

Jobs in Austin are primarily located downtown and along the Mo-Pac Expressway, southwest and north of downtown. Exhibit 2-18 displays employment concentration by zip code.

Exhibit 2-18
Employment by Zip Code, 2007



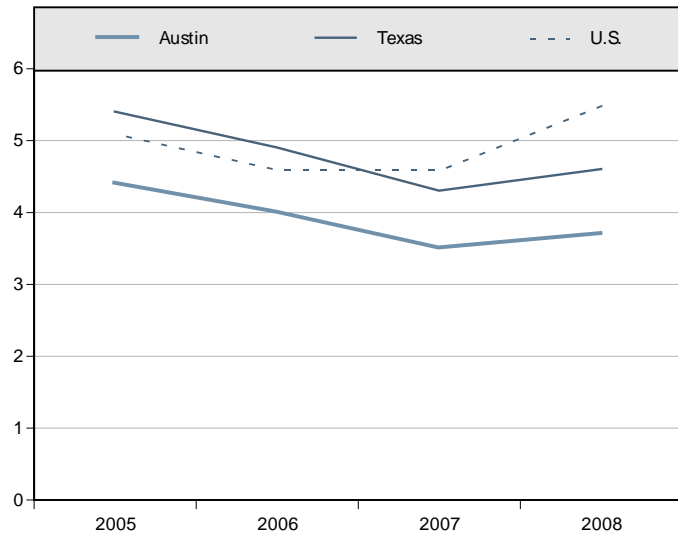
Source: CAPCOG and EMSI

Unemployment. Since 2005, Austin’s unemployment rates have been lower than the state of Texas and the U.S. as a whole. Although Austin is currently experiencing an economic slowdown like the rest of the country, as revealed by increases in unemployment rates, the unemployment rate in 2008 is 1 percent lower than the state of Texas and nearly two percentage points lower than the U.S.

Exhibit 2-19
Unemployment Rates, City of Austin,
Texas and U.S., 2005–Current

Note:
 Unadjusted unemployment rate.
 2008 is a straight average of the unemployment rates for January through September.

Source:
 Texas Workforce Commission



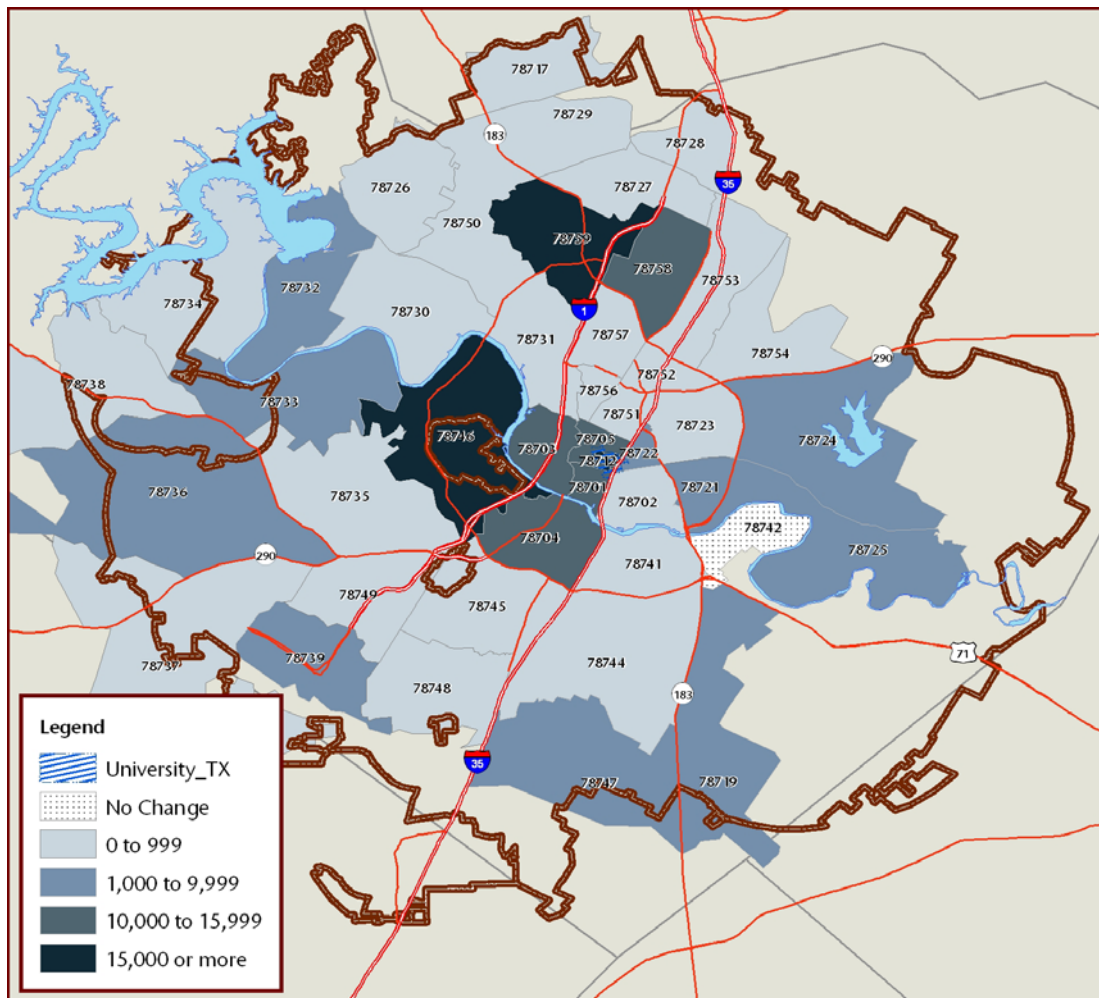
Future Population and Employment Growth

Growth will continue in many parts of the City between now and 2020. Overall, the City is projected to end the decade with a final annualized growth of 2.9 percent per year, below the historical average of a little less than four percent, but strong nonetheless. Central Austin neighborhoods are expected to continue to grow similar to the rates experienced during this decade. The downtown core and its neighboring central east Austin neighborhoods will likely continue their densification process through 2020, growing more quickly than other neighborhoods close to downtown.

Employment opportunities will continue being added to portions of the City where employment density already exists, such as downtown and north Austin along the Mo-Pac and Highway 183 corridors. Austin’s high-paying professional and business service jobs currently reside within these corridors. As those industries thrive, other firms will likely locate within close proximity to capitalize on contracting opportunities.

Job growth in the exterior portions of the City will be associated with population growth, as retail and service opportunities follow residential development.

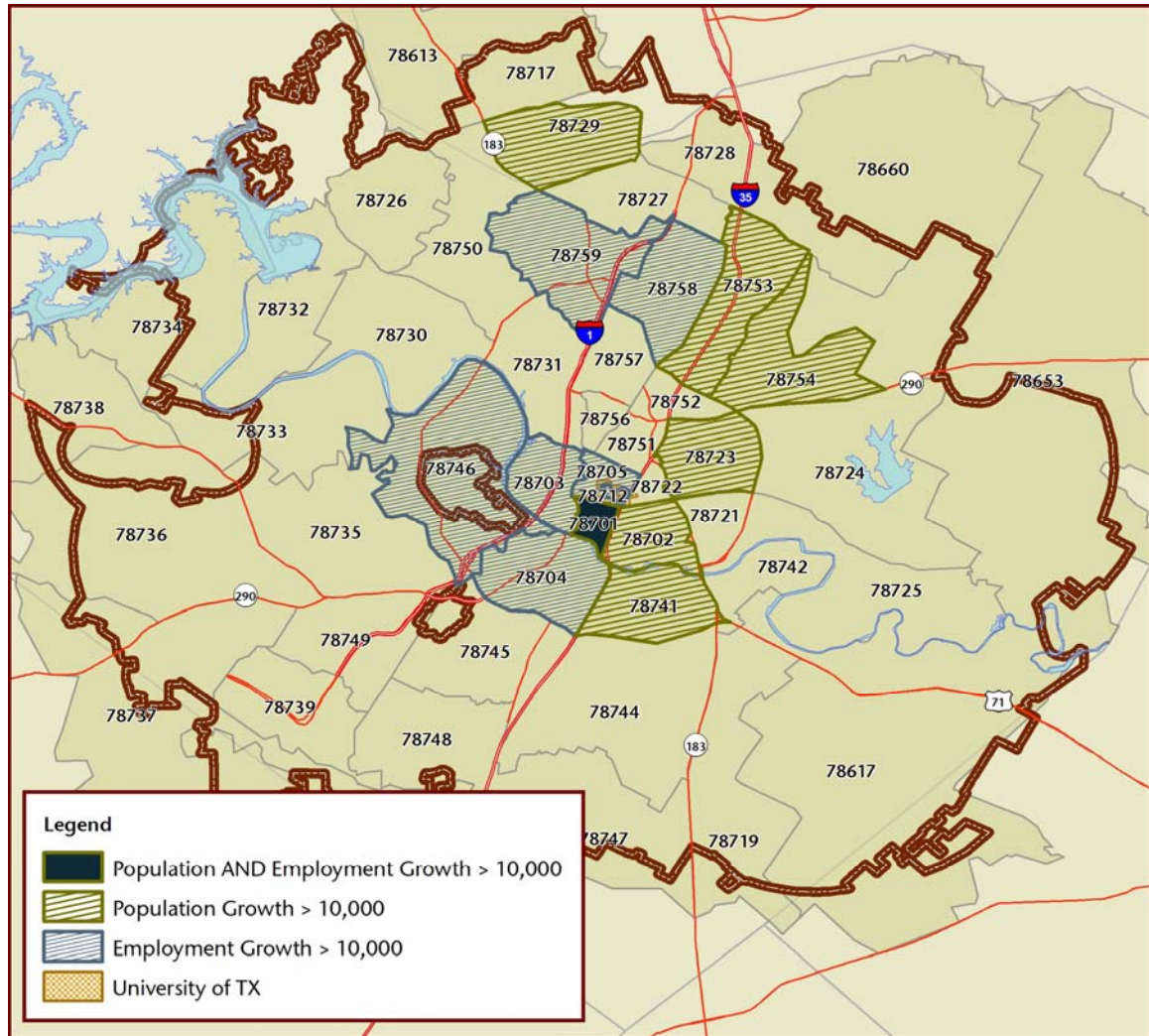
Exhibit 2-21
Employment Growth by Zip Code, 2005-2018



Source: CAPCOG, EMSI, and BBC Research & Consulting.

The intersection of future population and employment growth indicates that areas of future population and employment growth will occur in different parts of the City. In addition, employment growth is projected to occur in areas of the City that are least affordable. To avoid increased traffic congestion from workers driving across town to get to their places of work, it will be important for the City to focus on incorporating workforce housing into areas of high employment growth, as well as create more dense development in the urban core.

Exhibit 2-22
Future Population and Employment Growth by Zip Code, 2005-2018



Source: City of Austin Demographer Ryan Robinson, CAPCOG, EMSI, and BBC Research & Consulting

SMALL BUSINESS AND COMMERCIAL REVITALIZATION NEEDS

Small Business Assistance – The City’s Framework

The City of Austin’s Neighborhood Housing and Community Development (NHCD) Office manages the Neighborhood Commercial Management Program that was created in January 1990 to create and/or retain jobs for low- and moderate-income persons. Since then, NHCD has expanded assistance to small businesses through micro-enterprise technical assistance, through a community development bank, and by adding two other financing programs for small businesses - Commercial Preservation and Revitalization Program and the Façade Improvement Program.

The City of Austin also provides a range of other small business services through two other departments. The Small Business Development Program (SBDP), a division of Economic Growth and Redevelopment Services Office (EGRSO), offers information, referrals and technical assistance to those interested in starting a small business in Austin. The Small Minority Business Resources Department (SMBR) aims to fulfill the Austin City Council goal of achieving minimum levels of city procurement for minority- and women-owned small businesses. Together, the small business resources offered by the City of Austin assist small business owners in achieving a higher level of financial assets through the startup or continued growth of a micro-enterprise or small business.

Small Business and Commercial Revitalization Needs

To determine the future small business and commercial revitalization needs of the community, the City of Austin reviewed several key documents:

- Capital Area Council of Governments, 2008 State of the Region Presentation
- PeopleFund’s 2008 East Austin Economic Summit, Economic Outlook Presentation
- Moody’s Economy, November 2008, Austin Report
- IHS Global Insight Report: Austin, TX, March 2009
- Needs Assessment for Small Businesses, City of Austin, 2002
- Central Texas Sustainability Indicators Project, 2006
- Community Action Network, Community Conditions Overview, March 2008

Economic Forecast

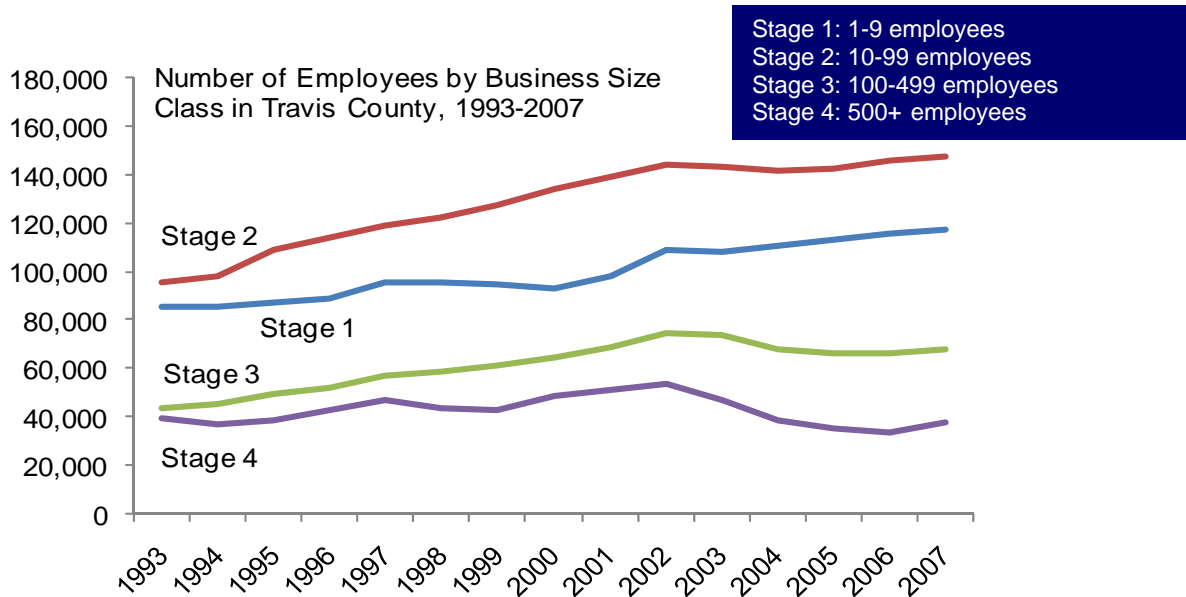
During the drafting of the Fiscal Year 2009-14 Consolidated Plan, the nation struggles with a recession that has had global impacts. According to Moody’s and the IHS Global Insight, Inc. reports, the Austin economy has decelerated somewhat, but continues to significantly outperform the nation. High-tech sectors of the economy in Austin continue to weaken, and as the backbone of Austin’s economy this has affected the region’s economy as a whole. The unemployment rate in Austin reached 5.5 percent in December 2008, up 1.7 percentage points from the end of 2007. According to IHS Global Insight, Inc, the economy will begin to regain momentum in 2010, with employment, income, and output growth strengthening gradually. Several reports show Austin’s highly educated workforce and strong population growth as strengths in the economy that will buffer Austin from most of the negative impacts of the recession.

Local Trends

Entrepreneurship is critical to the health of Austin's economy. According to the City's Economic Development Department, 94 percent of the City's businesses are considered small businesses, consisting of 50 or fewer employees. Approximately 70 percent of jobs in Travis County are at businesses with fewer than 100 employees. Since Austin recovered from the last recession in 2003-04, nearly all net job growth has occurred in Stage 1 (See Exhibit 2-23) with fewer than ten employees and Stage 2 firms with fewer than 100 employees. In fact, fewer people are working in Stage 4 companies today than were working in 1993. As of 2007, there were approximately 400 companies with more than 100 employees in Travis County, which together accounted for less than one percent of all businesses.

Exhibit 2-23

Number of Employees by Business Size Class in Travis County, 1993-2007



Source: Director of Community and Economic Development, Brian Kelsey, CAPCOG, Edward Lowe Foundation, Walls & Associates, YourEconomy.org.

In addition to the growth of small businesses, Austin has seen change in the type of employment:

- Service sector jobs increased from one out of five jobs in 1969 to more than one out of three jobs in 2000.
- Sixteen percent of jobs in the Austin-Round Rock area were government jobs according to U.S. Bureau of Economic Analysis, 2006, with a much smaller reliance on manufacturing jobs at six percent.

- Travis County had 591,200 full-time jobs in 2008.¹²
 - 13% pay < living wage for one adult (\$9.18/hr.)
 - 47% pay < living wage for families with one adult and one child (\$17.44/hr.)
 - 67% pay < living wage for families with two adults and two children (\$28.51/hr.)

Workers in Austin are also more likely to travel from outside of Austin to work either due to lack of affordable housing choice in Austin or a preference towards suburban living. Commuters from Bastrop, Caldwell, Hays, and Williamson counties filled approximately 104,500 jobs in Austin in 2006, which was equal to 21 percent of the city's total workforce.

East Austin

Much of NHCD's work has focused in East Austin, including Commercial Revitalization of East 11/12th Streets and the development of affordable housing. Work in fiscal years 2009-14 will continue to assist East Austin.

East Austin has historically been an ethnically diverse area; however, not all of Austin's recent economic successes have benefited the eastside. Median family incomes and homeownership rates remain lower in East Austin. The area is also experiencing some aspects of gentrification. Some trends in East Austin from PeopleFund's East Austin Economic Summit 2008, include:

- Four out of ten East Austin residents age 25+ have not graduated from high school. However, of all of the full-time workers in Austin, only six percent also live there.
- Since 1980, East Austin has seen a decrease in African American residents, and an increase in Hispanic and White residents.
- Average family income in East Austin is 50 percent less than in Austin citywide.
- East Austin has at least 24 arts and entertainment establishments, which account for approximately 300 jobs, \$6.5 million in earnings, and \$14 million in sales.
- In 2008, East Austin had an estimated 8.8 percent unemployment rate, nearly double the Austin unemployment rate.¹³

¹² Source: Texas Workforce Commission, U.S. Bureau of Labor Statistics, EMSI, 2008. Living wage estimates come from Poverty in America (<http://www.livingwage.geog.psu.edu>).

¹³ Source: Director of Community and Economic Development, Brian Kelsey, CAPCOG